

SENATE BILL 1767

By Kelsey

AN ACT to amend Tennessee Code Annotated, Title 49,
relative to student athletes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 7, is amended by adding the following language as a new part:

49-7-1801. As used in this part:

(1) "Fiscal year" means the twelve-month period of July 1 through the following June 30;

(2) "NCAA" means the National Collegiate Athletic Association;

(3) "Reasonably anticipates will graduate with a baccalaureate degree from that institution during the next fiscal year" means that a student athlete's academic progress, when compared with the average academic progress of student athletes who graduated in the previous fiscal year, indicates that the student athlete will fulfill all academic requirements for graduation in the next fiscal year by successfully completing a number of classes that is equal to or less than the average number of classes taken by student athletes who graduated from that institution in the previous fiscal year;

(4) "Tier 1" includes baseball, basketball, football, and track and field; and

(5) "Tier 2" includes all intercollegiate athletic sports that are not included in Tier 1 in which a public four-year postsecondary institution participates as a member of the NCAA at the Division I level, or participates at an equivalent level in any successor organization to the NCAA.

49-7-1802.

(a) By March 1, 2023, and March 1 of each year thereafter, each public four-year postsecondary institution that participates in intercollegiate athletic competition as a member institution of the NCAA at the Division I level, or that participates in such competition at an equivalent level in any successor organization to the NCAA, shall report to the state treasurer the number of student athletes who participate in each tier of NCAA Division I intercollegiate athletics, or who participate in each tier of intercollegiate athletics at an equivalent level in any successor organization to the NCAA, and who the institution reasonably anticipates will graduate with a baccalaureate degree from that institution during the next fiscal year. Each public four-year postsecondary institution shall only count a student athlete once for each tier of intercollegiate athletics in which the student athlete participates, regardless of the number of sports that the student athlete participates in within each tier. Each public four-year postsecondary institution shall count in the institution's report a student athlete who the institution reasonably anticipates will graduate with a baccalaureate degree from that institution during the next fiscal year even if the student athlete exhausted the student's eligibility to participate in intercollegiate athletics while enrolled at the public four-year postsecondary institution.

(b) On March 1, 2021, and March 1 of each year thereafter, each public four-year postsecondary institution that participates in intercollegiate athletic competition as a member institution of the NCAA at the Division I level, or that participates in such competition at an equivalent level in any successor organization to the NCAA, shall remit one percent (1%) of the gross revenue generated from ticket and merchandise sales and broadcast licensing agreements by the institution's athletic department during the immediately preceding fiscal year for deposit in the student athlete graduation grant fund, as provided in § 49-7-1803.

49-7-1803.

(a) The student athlete graduation grant fund is established as a special account in the state general fund. The purpose of the student athlete graduation grant fund is to

provide a source of funding for graduation grants for student athletes who graduate from a public four-year postsecondary institution located in this state.

(b) The state treasurer shall invest moneys deposited in the student athlete graduation grant fund, in accordance with applicable general law, except as modified by this part. The state treasurer shall hold the student athlete graduation grant fund separate from all other moneys, funds, and accounts.

(c)

(1) Beginning in 2025, the state treasurer shall, from the principal balance in the student athlete graduation grant fund, annually remit a payment to each public four-year postsecondary institution in an amount equal to the amount that the institution paid into the student athlete graduation grant fund under § 49-7-1802(b) for the fiscal year ending four (4) years before the current fiscal year.

(2) Any income resulting from investment of the moneys deposited in the student athlete graduation grant fund under § 49-7-1802(b) that remain unexpended on the last day of February of each year must not be returned to the institutions or revert to the general fund, but must be carried forward into the subsequent fiscal year to be used for the purposes of this part.

(d) Moneys in the student athlete graduation grant fund must be expended only in accordance with, and for the purposes stated in, this part. No part of the fund shall be diverted to the general fund or any other public fund for any purpose whatsoever.

49-7-1804.

(a) By May 15, 2023, and May 15 of each year thereafter, the state treasurer shall calculate the amount of graduation grants that must be made available to student athletes who will graduate from a public four-year postsecondary institution located in this state during the next fiscal year by:

(1) Dividing the gross income resulting from investment of the moneys deposited in the student athlete graduation grant fund during the immediately preceding four (4) fiscal years by four (4); and

(2) Dividing the quotient calculated in subdivision (a)(1) by the total number of student athletes in Tier 1 and Tier 2 whose anticipated graduation during the next fiscal year is reported to the state treasurer pursuant to § 49-7-1802(a). The maximum graduation grant for a Tier 1 sport must not exceed fifty thousand dollars (\$50,000) per student and the maximum graduation grant for a Tier 2 sport must not exceed twenty-five thousand dollars (\$25,000) per student.

(b) The state treasurer shall publish the amount of graduation grants that must be made available to student athletes who will graduate from a public four-year postsecondary institution during the next fiscal year, as calculated under subsection (a), in a prominent location on the state treasurer's website.

(c) By June 30, 2023, and June 30 of each year thereafter, the state treasurer shall remit to each public four-year postsecondary institution that complies with § 49-7-1802 a payment equal to the amount calculated under subsection (a) multiplied by the number of student athletes at the institution in Tier 1 and Tier 2 whose anticipated graduation during the next fiscal year was reported by the institution to the state treasurer pursuant to § 49-7-1802(a).

(d)

(1) Except as provided in subdivision (d)(2), beginning on January 1, 2024, a public four-year postsecondary institution that receives a payment pursuant to subsection (c) shall award a graduation grant to a student athlete who:

(A) Applies for a graduation grant within one hundred twenty (120) days of the student's graduation date;

(B) Fully exhausted all of the student athlete's eligibility to participate in NCAA Division I intercollegiate athletics, or to participate in intercollegiate athletics at an equivalent level in any successor organization to the NCAA, through participation in intercollegiate athletics while enrolled in any public four-year postsecondary institution located in this state; and

(C) Graduates in the fiscal year for which the graduation grant was remitted.

(2)

(A) A student athlete who qualifies for a graduation grant under subdivisions (d)(1)(A) and (d)(1)(C), but who exhausted a portion of the student athlete's eligibility to participate in NCAA Division I intercollegiate athletics, or intercollegiate athletics at an equivalent level in a successor organization to the NCAA, through participation in intercollegiate athletics at another postsecondary institution before enrolling in a public four-year postsecondary institution located in this state, shall receive a prorated amount of a student athlete graduation grant.

(B) The amount of the graduation grant awarded to a student athlete pursuant to subdivision (d)(2)(A) must be prorated by dividing the amount of the graduation grant to which a graduating student athlete would otherwise be entitled under subsection (a) by the number of years of eligibility permitted by the NCAA, or any successor organization to the NCAA, and multiplying the quotient by the number of years in which the

student athlete participated in NCAA Division I intercollegiate athletics, or intercollegiate athletics at an equivalent level in any successor organization to the NCAA, at the public four-year postsecondary institution from which the student athlete will graduate and that lists the student under § 49-7-1802(a).

(3) Each student athlete who is entitled to receive a graduation grant under subdivision (d)(1) or (d)(2), must receive a graduation grant for each tier of athletics in which the student athlete meets the eligibility requirements. A student athlete shall not receive more than one (1) graduation grant for each tier of athletics regardless of the number of sports that the student athlete participated in within each tier.

(4) A four-year postsecondary institution shall not award a student athlete graduation grant to a student athlete until the student athlete completes all graduation requirements.

(e) If a public four-year postsecondary institution receives a payment from the state treasurer under subsection (c) for graduation grants, but does not expend the full amount of the payment by issuing student athlete graduation grants during the designated fiscal year, then the public four-year postsecondary institution must return any unexpended amount to the student athlete graduation grant fund created by § 49-7-1803 by March 1 immediately following the conclusion of the fiscal year for which the payment was made.

(f) This part does not prohibit a public four-year postsecondary institution located in this state from using the institution's funds to supplement any payment received from the state treasurer under subsection (c) for the purpose of awarding graduation grants to each of the institution's eligible student athletes, as provided in this section.

49-7-1805. The state treasurer shall provide written notice to the chair of the education committee of the senate and the chair of the education committee of the house of representatives if the principal in the student athlete graduation grant fund reaches an amount that the state treasurer considers sufficient to perpetually fund the student athlete graduation grants without requiring the remittances under § 49-7-1802(b).

SECTION 2. The Tennessee higher education commission shall promulgate rules to effectuate the purposes of this act, including, but not limited to, rules for the graduation grant application procedure. The rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 3. This act shall take effect July 1, 2020, the public welfare requiring it.